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C O N F I D E N T I A L SECTION 01 OF 02 TEGUCIGALPA 000828

SIPDIS

STATE FOR WHA/CEN, WHA/PPC, IO, AND EB
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SUBJECT: BUDGET CUTS HARM ALREADY STRUGGLING HONDURAN
FOREIGN MINISTRY

REF: A. TEGUCIGALPA 652

1B. 02 TEGUCIGALPA 3407

Classified by Ambassador Larry Palmer; reasons 1.5(b) and (d).

11. (U) SUMMARY: Severe budget cuts at the Honduran Ministry of Foreign Affairs threaten to incapacitate its ability to execute a coherent foreign policy strategy. The cuts, amounting to 31 percent since President Ricardo Maduro came into office early last year, mean new layoffs and embassy closings, plus more work for the already overloaded staff who remain. Several items on the Ministry's agenda affect the U.S., including support for the Coalition of the Willing, the current CAFTA negotiation and the country's request to extend Temporary Protected Status for Honduran immigrants. The present understaffed and overworked status of MFA functionaries limits their ability to respond in a timely manner to U.S. initiatives and demarches. END
SUMMARY.

12. (U) The Honduran Ministry of Foreign Affairs (MFA) supports approximately 160 employees spread throughout 36 embassies, 13 consulates and 31 consular sections. Honduras also has 45 honorary consulates whose consuls do not earn formal salaries. However, the Ministry is in the midst of significant budget cuts. Sources vary on the exact amount of the cuts (see ref B for previous reporting on MFA budget cuts). Post received the following figures from Ambassador Mario Fortin and the Honduran press. In 2002, the MFA's allowance was cut 17 percent, leaving it at 272 million lempiras, or approximately USD 16 million. For calendar year 2003, the budget was cut yet again, this time by 14 percent. As a result, the MFA in 2003 has less than USD 14 million with which to support both its domestic and foreign operations--only 69 percent of the Ministry's 2001 budget.

13. (U) The MFA's diminishing finances are a growing impediment to the country's ability to effectively supply and manage its domestic and international posts and carry out a coherent foreign policy. Primarily, these budget cuts mean a reduction in personnel and embassy closings and/or consolidations. According to Honduran foreign service officers, however, conditions at overseas posts are already spartan. Posts have minimal support staff, even in comparison to other Central American embassies. Most Honduran ambassadors earn between USD 4,000 and 6,000 per month, plus an equivalent stipend for expenses. Salaries and expense allowances for ambassadors to the U.S. and some other countries, including Japan, are higher due to cost of living allowances. In December 2002 the salary for the ambassador to Japan was USD 10,000 monthly plus a USD 20,000 monthly expense allowance (Note: These figures were reported in U.S. dollars in the Honduran press. End Note.) According to the Honduran paper "El Heraldo," the ambassadorship to Japan has often stayed vacant for extended periods of time because no one has been willing to accept the position, presumably due to lack of sufficient funding. Foreign Minister Guillermo Perez-Cadalso Arias was recently quoted in the Honduran press acknowledging that ambassadorial salaries were too low and blaming the two recent budget cuts.

14. (U) Despite these financial concerns, the MFA recently unveiled an ambitious agenda for 2003. The agenda includes:

--Restructuring of personnel in the Ministry, mainly due to budget cuts (i.e., dismissals and embassy closures/consolidations)

--CAFTA signing,

--Working with USG to extend Temporary Protected Status (TPS) for Honduran migrants to the U.S.,

--Presentation of observations on the Solicitation of Revision presented by El Salvador to the International Court of Justice (concerning the El Salvador/Honduras border dispute),

--Making progress on maritime border demarcation with Nicaragua through the International Court of Justice,

--Overcoming technical problems in the demarcation of the Honduras-El Salvador border,

--Continuation of negotiations of maritime boundaries with Mexico, Cuba, and the OAS agreement on the Gulf of Honduras (on the Caribbean coast),
--Suspension of the 35 percent tariff imposed by Nicaragua (this was already accomplished through the temporary suspension of the tariff on March 11 - see ref A),
--Consolidation of the Customs Union for Central America, and
--Continuation of the Plan Puebla Panama.

15. (SBU) COMMENT: Post is concerned that the 31 percent total cut in the MFA's budget over the last year and a half is significantly detrimental to the Ministry's ability to achieve its agenda goals. For Example, Director General for Foreign Policy, Ambassador Mario Fortin, has been an excellent contact within the MFA for Post. However, due to limited staffing, he is forced to cover a wide range of countries and issues.

16. (SBU) COMMENT CONTINUED: Proposed restructuring in the MFA has had a very negative impact on morale. At times, it appears that Ambassador Fortin is a one-man shop. He has no substantive staff to whom he can delegate. Other diplomats have told us that they believe he is completely overburdened by the range of issues he covers. Post is also concerned that cuts and or elimination of GOH posts abroad could be highly problematic in the case of a natural disaster, as Honduran embassies abroad were instrumental in gathering vital international aid after the 1998 tragedy of Hurricane Mitch.

17. (C) Comment CONTINUED: There are a limited number of subject experts on technical issues in the MFA, leaving the GOH with little or no input on many complex international issues. Post notes that the MFA's lack of technical experts allows the U.S. to play an influential advisory role in Honduran foreign affairs. However, the MFA's bare-bones staff and lack of administrative support means that it cannot easily form or implement a coherent foreign policy strategy. A good example: last week in his visit to D.C. Foreign Minister Perez-Cadalso assured U.S. interlocutors that Honduras would be supportive of the U.S. at the U.N. It appears that such forward-leaning instructions were never sent to New York, as the Honduran PermRep to the U.N. delivered a weaker statement at UNSC open session on Iraq March 27 than he had before the war.
END COMMENT.

PALMER